

EXHIBIT 3

SERVICES CONTRACT

THIS SERVICES CONTRACT, is entered into effective the 17th day of MAY 2011, by and between the City of Adelanto, California, a local governmental entity whose mailing address is, P.O. Box 10, Adelanto, California, 92301, hereinafter referred to as "the CITY", and The GEO Group, Inc., One Park Place, Suite 700, 623 Northwest 53rd Street, Boca Raton, Florida 33487, hereinafter referred to as "GEO".

WHEREAS, the CITY and the Department of Homeland Security, U.S. Immigration and Customs Enforcement (ICE) have entered into an Intergovernmental Services Agreement ("IGSA") for the detention and care of aliens (hereinafter referred to as "Detainees") by the CITY, which IGSA is attached hereto and incorporated herein by reference as Exhibit A; and

WHEREAS, GEO has the ability to make beds available to the CITY in a 1,300-bed detention facility to be developed by GEO (hereinafter referred to as the "Facility"), located at 10400B Rancho Road, Adelanto, California, 92301, (hereinafter referred to as the "Site"), in which the CITY may arrange to detain and care for Detainees; and

WHEREAS, the CITY desires to enter into a services contract with a subcontractor for the provision, management and operation of a detention facility for the detention and care of Detainees and to otherwise perform the CITY's responsibilities and obligations as set forth in the IGSA;

WHEREAS, in order to fulfill its obligations under the IGSA to ICE, the CITY intends to enter into this Services Contract with GEO, which Services Contract requires GEO to perform all duties and accept all responsibilities incumbent upon the CITY pursuant to and consistent with the terms of the IGSA;

WHEREAS, the CITY is empowered by law to enter into this Services Contract with GEO for the detention and care of Detainees at the Facility;

NOW, THEREFORE, for and in consideration of the mutual covenants, conditions and promises contained herein, the parties hereto agree as follows:

1.0 DEFINITIONS

All capitalized terms used herein shall have the same definition as those terms have in the IGSA, unless otherwise indicated herein.

2.0 PARTIES' ADMINISTRATIVE/OPERATIONAL OBLIGATIONS

GEO acknowledges, accepts, and agrees without limitation to the scope of, and limitations upon, the authority, duties and responsibilities of ICE and the CITY under the IGSA, and GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, including without limitation the authority of the ICE Contracting Officer's Technical Representative (COTR) and the applicability of the most current editions of ICE National Detention Requirements, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

3.0 PERIOD OF PERFORMANCE

This Contract shall be effective from the date that the IGSA is effective and shall continue so long as the CITY and ICE are parties to the IGSA or any extension thereof, unless earlier terminated as set forth herein. The parties may, by mutual agreement, continue this Contract beyond the termination of the IGSA for the purpose of housing other inmates/detainees upon such terms and conditions as the parties may agree to.

4.0 FACILITY CAPACITY

GEO agrees to house up to 1,300 Detainees pursuant to this Contract in the Facility. The cost of legal services and the risks of physical damage to the Facility incurred as a direct result of the placement of a Detainee in the Facility shall be considered usual costs incidental to the operation of the Facility and part of the costs reimbursed by the fixed per day per Detainee (per diem) payment rate that is paid to GEO.

5.0 FACILITY EXPANSION

GEO agrees to design, finance, and construct the Facility and any expansion thereof in accordance with ICE-approved plans and all applicable standards. The CITY agrees that it will provide any and all assistance in facilitating all local approvals required for the development of the Facility and any expansion thereof.

6.0 FACILITY ACTIVATION SCHEDULE

GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities with respect to the Facility activation schedule as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

7.0 PAYMENT RATES

The CITY shall pay GEO for its services under this Contract the same per diem rates for Detainees housed under this Contract as the CITY is paid by ICE under the terms of the then current IGSA. GEO acknowledges and agrees to bill the CITY on the same basis as the CITY is permitted to bill ICE, *i.e.*, for the day of arrival of a Detainee, but not for the day of departure, as set forth in the IGSA.

8.0 PRICE ADJUSTMENTS

GEO shall be entitled to receive from the CITY the same price adjustment to the payment rates as the CITY may receive from time to time from ICE under the then current IGSA.

9.0 ADMINISTRATIVE FEE

In recognition of the CITY's costs in time and resources to administer the IGSA entered into with ICE and this Agreement with GEO, GEO agrees to pay to the CITY an Administrative Fee in the

amount of \$50,000.00 per year beginning on the first day that an ICE Detainee is housed in the 650 bed Facility, Adelanto East. In addition GEO agrees to pay to the CITY a rate of \$.75 per Detainee per day for all Detainees housed at the 650 bed Facility, Adelanto West. Said monthly Administrative Fee shall be subject to an annual adjustment at the same time and by the same percentage as the IGSA Per Diem Rate may be adjusted from year to year.

10.0 MODIFICATION

This Contract, or any of its specific provisions, may be revised or modified by signatory concurrence of the undersigned parties, or their respective official successors.

11.0 TRANSPORTATION SERVICES

GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities with respect to the transportation services as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

12.0 GUARD SERVICES

GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities with respect to stationary guard services for Detainees attending off-site court proceedings or who are committed to a medical facility, as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

13.0 MEDICAL SERVICES

GEO hereby acknowledges that the CITY will be responsible for providing all health care services for Detainees. GEO agrees without limitation to perform the CITY's Detainee health care security and transportation obligations and responsibilities as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

14.0 RECEIPT AND DISCHARGE OF FEDERAL DETAINES

GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities with respect to the receipt and discharge of Detainees as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

15.0 INSPECTION

GEO hereby acknowledges and agrees without limitation to the right of ICE and the CITY to perform periodic inspections of the Facility by ICE and/or the CITY inspectors, subject to and in full accordance with the terms and conditions set forth in the IGSA, as though such right of inspection was fully rewritten herein as applying to GEO.

16.0 BILLING PROCEDURE

GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities with respect to the procedures for preparing and submitting payment invoices as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO. The CITY hereby appoints GEO as its billing agent for all purposes set forth herein and in the IGSA.

17.0 ICE CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE (COTR)

GEO hereby acknowledges the individual or successor designated by ICE as its COTR for the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

18.0 ATTACHMENTS

GEO hereby acknowledges the Performance Requirements Summary (PRS), Reviewers Guide, and the Government Quality Assurance Program (QASP) attached to the IGSA, and agrees without limitation to the applicability and enforceability of such attachments to GEO's performance under this Contract in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY thereunder were fully rewritten herein as applying to GEO.

19.0 PHYSICAL PLANT/PROPERTY TAXES

GEO hereby assumes and agrees without limitation to fully and properly maintain the Facility's physical plant, without any cost to the CITY, and to pay such property taxes as may be lawfully assessed against the Facility by a local taxing authority as same become due and payable.

20.0 INDEMNIFICATION AND INSURANCE

20.1 Insurance. In connection with all aspects of the management and operation of the Facility, including any functions performed by contractors and sub-contractors, GEO will maintain and provide evidence of a comprehensive and adequate plan of insurance coverage, including the following:

- A. Workers Compensation, including Employers Liability Coverage, U.S. Longshoremen and Harbor Workers' Act coverage and Stop-Gap coverage, as prescribed by applicable law.
- B. Employers Liability, in the following amounts:
 - Bodily Injury by Accident \$1,000,000 each accident
 - Bodily Injury by Disease \$1,000,000 policy limit
 - Bodily Injury by Disease \$1,000,000 each employee
- C. Commercial General Liability Limits of Liability

- General Aggregate (Other than Products/Completed Operations) \$20,000,000
- Products-Completed Operations Aggregate \$5,000,000
- Personal & Advertising Injury Limit \$5,000,000
- Each Occurrence Limit \$5,000,000
- Fire Damage Limit \$5,000,000
- General Liability Coverage shall include:
 - Premises-Operations Liability
 - Liability to the County and third parties for the negligent acts of contractors and sub-contractors engaged by GEO
 - Products and Completed Operations Liability
 - Liability assumed by GEO under this Agreement or an agreement with a third party
 - Physical Damage to Property in GEO's care, custody or control (Broad Form P.D.)
 - Liability to the County or unrelated third parties for loss of money, securities, inventory, or other property occasioned by the theft of such property by GEO employees
 - Professional Liability Coverage
 - Additional insured status for coverage under a contract, sub-contract or other agreement, shall include the County as additional insured

D. Auto Liability

- Policy Limits \$3,000,000 each accident
- Vehicles Covered: All owned, leased, hired and non-owned vehicles, both private passenger and commercial - types, used by GEO and its employees
- Coverage Extensions: Deletion of Fellow Employee Exclusion; Uninsured Motorists and PIP coverage; Coverage for Additional Insured

E. Umbrella Liability covering commercial general liability and auto

- \$25,000,000 each occurrence
- \$25,000,000 products/completed operations aggregate
- \$25,000,000 general aggregate (other than products/completed operations)

F. Excess Liability covering commercial general liability and auto

- \$25,000,000 each occurrence
- \$25,000,000 products/completed operations aggregate
- \$25,000,000 general aggregate (other than products/completed operations)

G. "All Risk" property insurance covering all buildings and contents valued at an agreed replacement cost.

H. All coverages shall be provided by a carrier(s) duly authorized to do business in the State of California.

I. GEO shall submit to the CITY certificate(s) evidencing coverage as required

herein, no later than thirty (30) days following execution of this Contract, and in no event later than the day GEO commences management and operation of the Facility, and annually thereafter within (10) days of the anniversary date of any and all policies.

- J. There shall be no change of policy provisions, including decreases of insurance coverage, without prior written approval of the CITY.

20.1 Indemnification. GEO agrees to indemnify and hold harmless the CITY and ICE, their officers, agents, employee and their assigns, from and against:

- A. Any and all claims or demands arising from or related to the management and operation of the Facility, whether or not GEO is insured for such claims or demands, including without limitation, any and all claims or demands arising from or related to:

- (i) any physical damage to the Facility or the contents thereof related to or arising from the negligence of GEO or its agents, contractors, subcontractors or employees;
- (ii) any breach or default on the part of GEO in the performance of any covenant or agreement to be performed pursuant to the terms hereof;
- (iii) any action or inaction caused by negligence, gross negligence, willful misconduct, malicious conduct, or bad faith of GEO, or any of its agents, contractors, subcontractors or employees, whether employed directly by GEO or under the supervision of GEO;
- (iv) any accident, injury, death or damage whatsoever to any person or property on the premises of the Facility, regardless of whether such person was, or property belonged to, an inmate, a person detained, a guest or a visitor to the Facility; and
- (vi) any claim of any kind brought by or on behalf of any Detainee, or former Detainee, detained under GEO's supervision and arising from Detainee's treatment, conditions of custody, care, property, or any other claim arising from confinement of any Detainee in the Facility.

GEO shall be responsible for all costs, including but not limited to attorneys' fees, expenses incurred and liabilities arising from any claim, demand, action, litigation, lawsuit or other proceeding related to the management and operation of the Facility.

GEO shall not be responsible for any claim or demand directly related to a specific overt action taken by any official, officer, employee or agent of the CITY that contravenes the policies and procedures of GEO.

20.2 Notice of Litigation and Claims. The CITY and GEO shall promptly notify the other in writing of the receipt of any legal suit or claim which may affect GEO, the CITY or the Facility. The CITY shall have the right, at its option, to participate in the defense of any

litigation, claim or demand, without relieving GEO of its obligations hereunder.

- 20.3 **Defense or Immunity.** By entering into this Contract, neither the CITY nor GEO waives any immunity or defense that may be available to it by operation of law, including any limitation on the amount of damages that may be awarded.
- 20.4 **Compliance with Court Orders.** GEO shall comply with all current or future court orders or injunctions concerning the Facility.

21.0 NOTICES

Any notice provided for in this Contract shall be in writing and served by personal delivery, United States Mail, return receipt requested, at the addresses set forth below, until such time as written notice of change of address is received from either party. Any notice so mailed, served, or personally delivered shall be deemed delivered and effective upon receipt or upon attempted delivery. This method of notification will be used in all instances, except for emergency situations when immediate notification is required pursuant to the appropriate sections of this Contract.

To the CITY:

D. James Hart, Ph.D.
City Manager/Executive Director
City of Adelanto
P.O. Box 10
Adelanto, CA 92301

To GEO:

John Bulfin, General Counsel
The GEO Group, Inc.
One Park Place
621 Northwest 53rd Street
Boca Raton, FL 33487

22.0 ASSIGNMENT AND SUBCONTRACTING

GEO hereby assumes and agrees without limitation to the scope of and limitations upon the CITY's rights of assignment and/or subcontracting as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such scope and limitations of the CITY's rights of assignment and/or subcontracting under the IGSA were fully rewritten herein as applying to GEO.

23.0 LEGAL AUTHORITY

The CITY and GEO assure and guarantee that each possesses the legal authority to enter into this Contract. The persons executing this Contract on behalf of the CITY and GEO do hereby warrant and guarantee that they have full authorization to execute this Contract.

24.0 CONFIDENTIALITY OF RECORDS

GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities with respect to the confidentiality of ICE records as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

25.0 RECORDS RETENTION AND ACCESS

GEO hereby assumes and agrees without limitation to perform the CITY's obligations and responsibilities with respect to records retention and access as set forth in the IGSA, subject to and in full accordance with the terms and conditions set forth therein, as though such obligations and responsibilities of the CITY were fully rewritten herein as applying to GEO.

26.0 SEVERABILITY

To the extent that this Contract may be executed and performance of the obligations of the parties may be accomplished within the intent of the Contract, the terms of this Contract are severable, and should any term or provision hereof be declared invalid or become inoperative for any reason, such invalidity or failure shall not affect the validity of any other term or provision hereof. The waiver of any breach of a term hereof shall not be construed as a waiver of any other term, or the same term upon subsequent breach.

27.0 NO THIRD PARTY BENEFIT

This Contract shall benefit and burden the parties hereto in accordance with its terms and conditions and is not intended, and shall not be deemed or construed, to confer any rights, powers, benefits, or privileges on any person or entity other than the parties to this Contract, except ICE as set forth herein. This Contract is not intended to create any rights, liberty interests, or entitlements in favor of any Detainee. The Contract is intended only to set forth the contractual rights and responsibilities of the Contract parties. Detainees shall have only those entitlements created by Federal or State constitutions, statutes, regulations or case law.

28.0 EXCLUSIVE VENUE

The mandatory Venue for any legal action arising from this Contract shall be in San Bernardino County, California.

29.0 CONTINGENCY

This Agreement is contingent upon, and will not take effect until the date of, the execution of an Inter-Governmental Services Agreement (IGSA) between the City of Adelanto, California (the CITY) and the United States Immigration and Customs Enforcement (ICE), which IGSA has first been reviewed and approved by GEO for execution by the CITY.

IN WITNESS WHEREOF, the undersigned authorized parties have affixed their signatures effective the date first set forth above.

THE GEO GROUP, INC.


George C. Zolek
Chairman & CEO

CITY OF ADELANTO


D. James Hart, PhD.
City Manager/Executive Director